

*Entered May 8, 1967
R.L.B.*

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 3563
Order No. R-3233

APPLICATION OF SKELLY OIL COMPANY
FOR AN AMENDMENT TO THE SOUTHEAST
NEW MEXICO GAS PRORATION RULES AND
REGULATIONS.

ORDER OF THE COMMISSION:

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 26, 1967, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 8th day of May, 1967, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Skelly Oil Company, seeks an amendment to the Southeast New Mexico Gas Proration Rules and Regulations to permit wells that have been shut in for overproduction to produce up to 500 MCF of gas each month during such shut-in periods.

(3) That in some cases requiring complete shut in of gas wells in order to balance overproduction imposes undue hardship upon the operators of such wells.

(4) That approval of the subject application will tend to prevent premature abandonment of wells that have been ordered shut in because of overproduction, thereby preventing waste.

(5) That approval of the subject application will not cause waste.

IT IS THEREFORE ORDERED:

(1) That Rule 15(A) and Rule 15(C) of the General Rules and Regulations for the Prorated Gas Pools of Southeast New Mexico, as promulgated by Order No. R-1670, as amended, are hereby amended to read as follows:

RULE 15(A). Overproduction: Any well which has an overproduced status as of the end of a gas proration period shall carry such overproduction forward into the next gas proration period. Said overproduction shall be made up during the succeeding gas proration period. Any well which has not made up the overproduction carried into a gas proration period by the end of said proration period shall be shut in until such overproduction is made up. Provided, however, that special authority to produce up to 500 MCF per month may be assigned any such shut-in well upon proper showing to the Secretary-Director of the Commission that such authority is necessary to avoid undue hardship; provided further, that any well produced in excess of the monthly rate of production authorized by the Secretary-Director shall be shut in until all overproduction is made up.

If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut in during that month and each succeeding month until the well is overproduced less than six times its current monthly allowable. Provided however, that special authority to produce up to 500 MCF per month may be assigned any such shut-in well upon proper showing to the Secretary-Director of the Commission that such authority is necessary to avoid undue hardship; provided further, that any well produced in excess of the monthly rate of production authorized by the Secretary-Director shall be shut in until all overproduction is made up.

RULE 15(C). The Commission may allow overproduction to be made up at a lesser rate than permitted under

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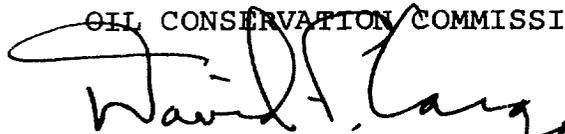
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Rule 15(A) upon a showing at public hearing that shut in under Rule 15(A) would result in material damage to the well.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



DAVID F. CARGO, Chairman



GUYTON B. HAYS, Member



A. L. PORTER, Jr., Member & Secretary

S E A L

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